

(12) INTERNATIONAL APPLICATION PUBLISHED UNDER THE PATENT COOPERATION TREATY (PCT)

(19) World Intellectual Property Organization
International Bureau



(43) International Publication Date
31 May 2001 (31.05.2001)

PCT

(10) International Publication Number
WO 01/39005 A2

- (51) International Patent Classification⁷: G06F 17/00 (74) Agent: BERESKIN & PARR; 40 King Street West, 40th Floor, Toronto, Ontario M5H 3Y2 (CA).
- (21) International Application Number: PCT/CA00/01388
- (22) International Filing Date:
24 November 2000 (24.11.2000)
- (25) Filing Language: English
- (26) Publication Language: English
- (30) Priority Data:
2,290,888 26 November 1999 (26.11.1999) CA
- (81) Designated States (*national*): AE, AG, AL, AM, AT, AU, AZ, BA, BB, BG, BR, BY, BZ, CA, CH, CN, CR, CU, CZ, DE, DK, DM, DZ, EE, ES, FI, GB, GD, GE, GH, GM, HR, HU, ID, IL, IN, IS, JP, KE, KG, KP, KR, KZ, LC, LK, LR, LS, LT, LU, LV, MA, MD, MG, MK, MN, MW, MX, MZ, NO, NZ, PL, PT, RO, RU, SD, SE, SG, SI, SK, SL, TJ, TM, TR, TT, TZ, UA, UG, US, UZ, VN, YU, ZA, ZW.
- (84) Designated States (*regional*): ARIPO patent (GH, GM, KE, LS, MW, MZ, SD, SL, SZ, TZ, UG, ZW), Eurasian patent (AM, AZ, BY, KG, KZ, MD, RU, TJ, TM), European patent (AT, BE, CH, CY, DE, DK, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE, TR), OAPI patent (BF, BJ, CF, CG, CI, CM, GA, GN, GW, ML, MR, NE, SN, TD, TG).
- (71) Applicant (*for all designated States except US*): ALGORITHMICS INTERNATIONAL CORP. [BB/BB]; Chancery House, High Street, Bridgetown, Barbados, West Indies (BB).
- (72) Inventors; and
- (75) Inventors/Applicants (*for US only*): DEMBO, Ron [CA/CA]; 398 Markham Street, Toronto, Ontario M6G 2K9 (CA). MAUSSER, Helmut [CA/CA]; 260 Queen's Quay West, #2401, Toronto, Ontario M5J 2N3 (CA).
- Published:
— Without international search report and to be republished upon receipt of that report.
- For two-letter codes and other abbreviations, refer to the "Guidance Notes on Codes and Abbreviations" appearing at the beginning of each regular issue of the PCT Gazette.

WO 01/39005 A2

(54) Title: METHOD OF PORTFOLIO VALUATION

(57) Abstract: This invention relates to a system and method for valuing a portfolio in terms of its performance relative to a specified benchmark under a range of future scenarios. In particular, the invention takes a portfolio and calculates two values related to the portfolio: the first value corresponding to an amount by which the value of the portfolio is expected to fall below the value of a benchmark over a given time horizon, and a second value corresponding to an amount by which the value of the portfolio is expected to exceed the value of a benchmark over a given time horizon, in view of the range of different future scenarios. The invention provides a means for determining the portfolio which optimally trades-off these two values, and to evaluate risk/reward performance measures using these two values which can be used to rank instruments, securities or portfolios. The invention also provides a means for pricing portfolio insurance for optimal portfolios.